

RESOLUTION 109-86

RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF \$3,175,000 PRINCIPAL AMOUNT OF KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA, SCHOOL IMPROVEMENT AND REFUNDING BONDS, SERIES OF 1986; PROVIDING FOR THE ANNUAL LEVY OF A TAX FOR THE PAYMENT OF THE BONDS; AUTHORIZING THE EXECUTION OF A TRUST AGREEMENT FOR THE SAFEKEEPING AND HANDLING OF SECURITIES AND MONEYS TO BE USED TO PAY THE BONDS BEING REFUNDED; PRESCRIBING TERMS AND PROVISIONS AND APPOINTING A REGISTRAR AND PAYING AGENT WITH RESPECT TO THE BONDS; AND ACCEPTING A PROPOSAL FOR THE PURCHASE OF THE BONDS.

WHEREAS, there have heretofore been issued \$2,500,000 principal amount Project of 1983, Series B (1983) school district bonds of Kayenta Unified School District No. 27 of Navajo County, Arizona (the "District"); and

WHEREAS, the Governing Board of the District (the "Governing Board") has decided to provide for the payment at maturity of the portion of said bonds maturing on July 1, 1987, and for the redemption of the portion of said bonds maturing on July 1, 1991 through 1996, inclusive (collectively, the "Bonds Being Refunded"), which Bonds Being Refunded mature in the principal amounts as follows:

<u>Maturity Date</u>	<u>Principal Amount to be Redeemed</u>
July 1, 1987	\$100,000
July 1, 1991	250,000
July 1, 1992	250,000
July 1, 1993	250,000
July 1, 1994	250,000
July 1, 1995	300,000
July 1, 1996	300,000

; and

WHEREAS, the bonds to refund the Bonds Being Refunded (the "Refunding Bonds") are to be issued in the aggregate principal amount of \$1,700,000; and

WHEREAS, the Governing Board intends to issue bonds in the aggregate principal amount of \$1,475,000 for the purposes of making school improvements in accordance with the authority granted at the special bond election held in and for the District on May 20, 1986 (the "School Improvement Bonds"); and

WHEREAS, the Governing Board has determined it is in the best interest of the residents of the district to combine the sale of the Refunding Bonds and the School Improvement Bonds as a combined issue; and

WHEREAS, the Governing Board has determined that it is expedient to refund the Bonds Being Refunding and that the issuance of the Refunding Bonds and the application of the net proceeds thereof to pay at maturity or call for redemption the Bonds Being Refunded are necessary and advisable and are in the best interests of the District because the proposed Refunding Bonds can be sold to effect a debt service cost lower than the cost of the Bonds Being Refunded and this reduction, together with the ability of the District to restructure its debt in a more efficient manner, will result in substantial debt service savings to the taxpayers of the District; and

WHEREAS, in accordance with applicable law, the aggregate amounts of principal of and interest on the Refunding Bonds shall not exceed the aggregate amounts of principal of and interest on the Bonds Being Refunded which will become due from the date of issuance of the Refunding Bonds to the final date of maturity of the Bonds Being Refunded; and

WHEREAS, by the vote of a majority of the qualified electors of the District, voting at a special bond election held in and for the District on May 20, 1986, the issuance of \$8,000,000 School Improvement Bonds, Project of 1986, of the District has been authorized; and

WHEREAS, pursuant to the request of the Governing Board of the District, \$1,475,000 principal amount of such school improvement bonds are to be issued and sold at this time;

NOW, THEREFORE, IT IS RESOLVED BY THE BOARD OF SUPERVISORS OF NAVAJO COUNTY, ARIZONA, AS FOLLOWS:

Section 1. Authorization. There is hereby authorized to be issued and sold an issue of bonds of the District in an aggregate principal amount \$3,175,000. The bonds so authorized shall be designated Kayenta Unified School District No. 27 of Navajo County, Arizona, School Improvement and Refunding Bonds, Series of 1986 (the "Bonds"), and shall be issued and sold.

Bonds of this series maturing on or before July 1, 1992, and \$400,000 of the Bonds of this Series maturing on July 1, 1993, in the aggregate principal amount of

\$1,700,000 are Refunding Bonds issued for the purpose of providing funds to be used to refund the Bonds Being Refunded.

Bonds of this Series maturing on or after July 1, 1994, and \$75,000 of the Bonds of this Series maturing on July 1, 1993, in the aggregate principal amount of \$1,475,000, are School Improvement Bonds issued for the purpose of providing funds to be used as set forth in the ballot submitted at the special bond election.

Section 2. Terms. The Bonds will be dated December 1, 1986, and will bear interest from their date to the maturity of each of the Bonds at the rates set forth below, the first interest payment date to be January 1, 1988; interest will be payable semiannually thereafter on each succeeding July 1 and January 1 during the term of the Bonds; the Bonds will be in the denomination of \$5,000 each or integral multiples thereof and in fully registered form. The Bonds will mature on July 1 in the years 1989 to 1996, inclusive, as follows:

<u>Maturity Date;</u> <u>July 1</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>
1989	\$175,000	%
1990	200,000	
1991	450,000	
1992	475,000	
1993	475,000	
1994	475,000	
1995	525,000	
1996	400,000	

The Bonds shall have such terms and provisions as are set forth in the Notice Inviting Proposals for the Purchase of Bonds and the best proposal received in response thereto as more fully set forth in Section 10 of this resolution, including the form of Bond attached as Exhibit A, which is a part of this resolution.

Section 3. Prior Redemption.

A. Redemption. The Bonds maturing on or before July 1, 1993, are not subject to call for redemption prior to maturity. Bonds maturing on or after July 1, 1994, are subject to call for redemption at the option of the District in whole or in part, in inverse order of maturity on July 1, 1993, or on any interest payment date thereafter at a redemption price equal to the principal amount of the bonds

to be redeemed, accrued interest thereon to the date fixed for redemption, together with a premium on bonds so called prior to their maturities expressed as a percentage of the principal amount to be redeemed, as follows:

<u>Redemption Date</u>	<u>Premium</u>
July 1, 1993, and January 1, 1994	2.0%
July 1, 1994, and January 1, 1995	1.0%
July 1, 1995, and thereafter	None

B. Notice. Notice of redemption of any Bond will be mailed not more than 60 nor less than 30 days prior to the date set for redemption to the registered owner of the Bond or Bonds being redeemed at the address shown on the bond register maintained by the registrar. Failure to properly give such notice of redemption shall not affect the redemption of any bond for which notice was properly given.

C. Effect of Call for Redemption. On the date designated for redemption by notice given as herein provided, the Bonds so called for redemption shall become and be due and payable at the redemption price provided for redemption of such Bonds on such date, and, if moneys for payment of the redemption price and accrued interest are held in separate accounts by the paying agent, interest on such Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds shall cease to be entitled to any benefit or security hereunder and the owners of such Bonds shall have no rights in respect thereof except to receive payment of the redemption price thereof and accrued interest and such Bonds shall be deemed paid and no longer outstanding.

D. Redemption of Less Than All of a Bond. The District may redeem an amount which is included in a Bond in the denomination in excess of, but divisible by, \$5,000. In that event, the registered owner shall submit the Bond for partial redemption and the paying agent shall make such partial payment and the Registrar shall cause to be issued a new Bond in a principal amount which reflects the redemption so made to be authenticated and delivered to the registered owner thereof.

Section 4. Security. For the purpose of paying the principal of, interest on, premium (if any) on early redemption and costs of administration of the registration and payment of the Bonds there shall be levied on all the taxable property in the District a continuing, direct, annual, ad valorem tax sufficient to pay all such principal,

interest, premium and administration costs on the Bonds as the same becomes due, such taxes to be levied, assessed and collected at the same time and in the same manner as other taxes are levied, assessed and collected. The proceeds of the taxes shall be kept in a special fund entitled the Debt Service Fund of the District and shall be used only for the payment of principal, interest, premium (if any) or costs as above-stated. So long as the principal of and interest on the Bonds Being Refunded are paid when due from the trust established for such purpose, no taxes need be levied for the payment of amounts to become due on the Bonds Being Refunded; provided, however, that if the trust created for such purpose is ever insufficient to pay the principal of and interest on the Bonds Being Refunded when due, any taxes levied to pay principal of and interest on the Refunding Bonds shall first be applied to the payment of amounts due on the Bonds Being Refunded.

Upon the creation of the trust for payment of the Bonds Being Refunded, all moneys collected thereafter during the current fiscal year which would otherwise have been credited to the Interest and Redemption Funds for the Bonds Being Refunded shall be credited to the Interest and Redemption Funds created to service the Bonds.

Section 5. Trust Agreement. The Treasurer of the County is hereby authorized and directed to execute an irrevocable trust agreement with The Valley National Bank of Arizona, a bank authorized to do trust business in the State of Arizona, with respect to the safekeeping and handling of the moneys and securities to be held in trust for the payment of the Bonds Being Refunded in substantially the form submitted to this Board at the time of adoption of this resolution with such additions, deletions and modifications as shall be approved by the officer or officers executing and delivering the same on behalf of the County and the District and such execution and delivery shall constitute conclusive evidence of the approval of such officer or officers and of this Board of any departures from the form submitted to this Board at the time of adoption of this resolution.

Section 6. Use of Proceeds. Upon the delivery of and payment for the Bonds in accordance with the terms of their sale, the net proceeds of the Bonds designated as Refunding Bonds, together with any premium paid by the purchaser for all Bonds, after payment of the costs and expenses of their issuance, shall be applied, along with any necessary amounts credited to the Interest and Redemption Funds for the Bonds Being Refunded, or for other bonds of the District over and above amounts needed to make payments

on such bonds on or before the first day of the fiscal year next commencing, to create an irrevocable trust for the benefit of the owners of the Bonds Being Refunded. Amounts credited to the trust, other than any beginning cash balance, shall be invested immediately in obligations issued by or guaranteed by the United States of America the maturing principal of and interest on which, together with any beginning cash balance, will be sufficient to pay the principal of and interest on the Bonds Being Refunded as the same becomes due.

Any balance of the net proceeds of the Refunding Bonds remaining after creation of the trust for the Bonds Being Refunded shall be transferred to the Interest and Redemption Funds created for the Bonds.

The net proceeds from the sale of the School Improvement Bonds, after payment of the expenses of issuance, shall be set aside and deposited by the County Treasurer in a separate fund entitled the Building Fund of the District. This resolution shall be construed as consent of the Board of Supervisors to invest such funds, pending use, in any of the securities allowed by A.R.S. § 15-1025. The proceeds of the School Improvement Bonds shall be expended only for the purpose set forth in the ballot used at the special bond election wherein issuance of the School Improvement Bonds was approved.

Section 7. Form of Bonds. Pursuant to A.R.S. § 35-491, a fully registered bond form is adopted as an alternative to the form of bond provided in A.R.S. § 15-1023. A registrar and paying agent will be appointed for the administration of the Bonds. The Bonds shall be in substantially the form of Exhibit A, attached hereto and incorporated by reference herein, with such necessary and appropriate omissions, insertions and variations as are permitted or required hereby or by the Notice Inviting Proposals for the Purchase of Bonds and are approved by those officers executing the Bonds and execution thereof by such officers shall constitute conclusive evidence of such approval.

The Bonds may have notations, legends or endorsements required by law, securities exchange rule or usage. Each Bond shall show both the date of the issue and the date of such Bond's authentication and registration.

The Bonds are prohibited from being converted to coupon or bearer Bonds without the consent of the Board of Supervisors and approval of bond counsel.

Section 8. Execution of Bonds. The Bonds shall be executed for and on behalf of the District by the President and attested by the Clerk of the Governing Board and countersigned by the Navajo County Treasurer.

If an officer whose signature is on a Bond no longer holds that office at the time the Bond is authenticated and registered, the Bond shall nevertheless be valid.

A Bond shall not be valid or binding until authenticated by the manual signature of an authorized officer of the registrar. The signature of the authorized officer of the registrar shall be conclusive evidence that the Bond has been authenticated and issued under this resolution.

Section 9. Mutilated, Lost or Destroyed Bonds. In case any Bond becomes mutilated or destroyed or lost, the District shall cause to be executed and delivered a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed or lost, upon the registered owner's paying the reasonable expenses and charges of the District in connection therewith and, in the case of the Bond destroyed or lost, filing with the County Treasurer by the registered owner evidence satisfactory to the Treasurer that such Bond was destroyed or lost, and furnishing the County Treasurer with a sufficient indemnity bond pursuant to § 44-3040, Arizona Revised Statutes.

Section 10. Acceptance of Proposal. The proposal of First National Bank of Chicago for the purchase of the Bonds is hereby accepted and the Bonds are hereby ordered sold to such purchaser in accordance with the terms of such proposal and the terms and conditions of the Notice Inviting Proposals for the Purchase of Bonds.

The County Treasurer is hereby authorized and directed to cause the Bonds to be delivered to the purchaser upon receipt of payment therefor and satisfaction of the other conditions for delivery thereof in accordance with the terms of the sale.

Section 11. Designation of Bonds. The Board of Supervisors hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986. The Board of Supervisors hereby certifies that it reasonably anticipates that the aggregate amount of qualified tax-exempt obligations (as

defined in Section 265(b)(3) of the Internal Revenue Code of 1986) which will be issued for or by the District in calendar year 1986 will not exceed \$10,000,000.

Section 12. Registrar. The Valley National Bank of Arizona, Phoenix, Arizona, is appointed as the initial registrar, transfer and paying agent (hereinafter referred to as the "Registrar"). The registrar's fee payment agreement between the County and the District is hereby approved in substantially the form on file with the Clerk, to provide for the payment of the costs of registration and printing of the Bonds. The contract for Registrar's services is hereby approved in substantially the form on file with the Clerk to provide for the payment of Registrar's services. Upon full execution of the registrar's fee payment agreement, the Chairman of this Board and the Treasurer are hereby authorized and directed to execute and deliver the contract.

The Registrar shall authenticate Bonds for original issue up to \$3,175,000 aggregate principal amount upon the written request of the County Treasurer. The Registrar shall keep a register of the Bonds and of their transfer. The aggregate principal amount of Bonds outstanding at any time may not exceed that amount except for replacement Bonds as to which the requirements of the Registrar and the District are met.

The Registrar may appoint an authenticating agent acceptable to the District to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Registrar may do so. Each reference in this resolution to authentication by the Registrar includes authentication by an authenticating agent acting on behalf and in the name of the Registrar and subject to the Registrar's direction.

The Treasurer shall maintain an office or agency where Bonds may be presented for registration of transfer and an office or agency where Bonds may be presented for payment (the "paying agent"). The Treasurer may appoint one or more co-registrars or one or more additional paying agents. Each paying agent shall be required to agree in writing that the paying agent will hold in trust for the benefit of the owners of the Bonds all moneys held by the paying agent for the payment of principal, interest and any premium on the Bonds. The Registrar and paying agent may make reasonable rules and set reasonable requirements for their respective functions with respect to the owners of the Bonds.

When Bonds are presented to the Registrar or a co-registrar with a request to register transfer, the Registrar

shall register the transfer on the registration books if its requirements for transfer are met and shall authenticate and deliver one or more Bonds registered in the name of the transferee of the same principal amount, maturity and rate of interest as the surrender Bonds. The "Record Date" for the Bonds shall be the close of business of the Registrar on the 15th day of the calendar month preceding an interest payment date. Bonds presented to the Registrar for transfer after the close of business on the Record Date and before the close of business on the next subsequent interest payment date will be registered in the name of the transferee but the interest payment (except interest paid at maturity or upon prior redemption) will be made payable to and mailed to the registered owners shown on the books of the Registrar as of the close of business on the respective Record Date.

Section 13. Resolution a Contract. This Resolution shall constitute a contract between the District and the registered owners of the Bonds and shall not be repealed or amended in any manner which would impair, impede or lessen the rights of the registered owners of the Bonds then outstanding.

Section 14. Tax Covenants. In consideration of the purchase and acceptance of the Bonds by the owners thereof and, as authorized by Arizona Revised Statutes, Title 35; Article 7 enacted as Chapter 226, Laws of 1986, in consideration of retaining the exemption from federal income taxes of interest income on the Bonds, the County covenants with the owners from time to time of the Bonds to neither take nor fail to take any action which action or failure to act is within its power and authority and would result in interest on the Bonds become subject to federal income taxes under either laws existing on the date of issuance of the Bonds or such laws as they may be modified or amended.

The County agrees that it will take any action(s) as in the opinion of Gust, Rosenfeld, Divelbess & Henderson ("bond counsel") are necessary to prevent interest on the Bonds becoming subject to federal income taxes pursuant to the Internal Revenue Code of 1986. Such requirements may include but are not limited to making further specific covenants; making truthful certifications and representations and giving necessary assurances; complying with all representations, covenants and assurances contained in certificates or agreements to be prepared by bond counsel; to pay to the United States of America any required amounts representing rebates of arbitrage profits relating to the Bonds; filing forms, statements and supporting documents as may be required under the federal tax laws; limiting the

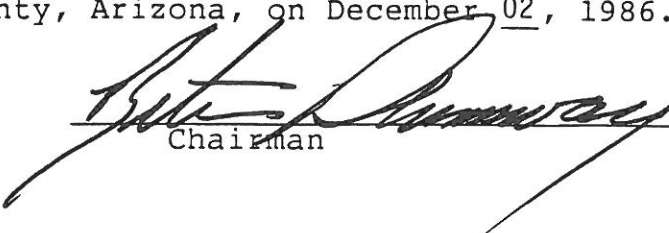
term of and yield on investments made with moneys relating to the Bonds; and limiting the use of the proceeds of the Bonds and property financed thereby.

Section 15. Severability. If any section, paragraph, subdivision, sentence, clause or phrase of this Resolution is for any reason held to be illegal or unenforceable, such decision will not affect the validity of the remaining portions of this Resolution. The Board of Supervisors hereby declares that it would have adopted this Resolution and each and every other section, paragraph, subdivision, sentence, clause or phrase hereof and authorized the issuance of the bonds pursuant hereto irrespective of the fact that any one or more sections, paragraphs, subdivisions, sentences, clauses or phrases of this Resolution may be held illegal, invalid or unenforceable.

Section 16. Call of Refunded Bonds. The Board hereby orders that the \$100,000 of the Bonds to be Refunded which mature on July 1, 1987, be paid at maturity and the Bonds to be Refunded maturing on or after July 1, 1991, be redeemed in advance of maturity on July 1, 1990. All actions to redeem such Bonds whether taken before or after adoption of this resolution are ratified and confirmed.

Section 17. Ratification of Actions. All actions of the officers and agents of the District, the County or the Board of Supervisors which conform to the purposes and intent of this resolution and which further the issuance and sale of the Bonds as contemplated by this resolution whether heretofore or hereafter taken are hereby ratified, confirmed and approved. Any changes made in the Notice Inviting Proposals for the Purchase of Bonds which do not conform to the prior order of this Board are hereby ratified. The proper officers and agents of the District and the County are hereby authorized and directed to do all such acts and things and to execute and deliver all such documents on behalf of the District as may be necessary to carry out the terms and intent of this resolution.

PASSED, ADOPTED AND APPROVED by the Board of Supervisors of Navajo County, Arizona, on December 02, 1986.


Chairman

ATTEST:



Clerk

EXHIBIT A

(Face of Bond)

KAYENTA UNIFIED SCHOOL DISTRICT NO. 27
 OF NAVAJO COUNTY, ARIZONA
 SCHOOL IMPROVEMENT AND REFUNDING BOND
 SERIES OF 1986

Number: _____

Denomination:
\$ _____Interest
RateMaturity
DateOriginal
Issue DateCUSIP

_____ %

December 1, 1986

Registered Owner:

Principal Amount: _____ DOLLARS

KAYENTA UNIFIED SCHOOL DISTRICT NO. 27 OF NAVAJO COUNTY, ARIZONA, for value received, hereby promises to pay to the registered owner identified above, or registered assigns as provided herein, on the maturity date set forth above, the principal amount set forth above, and to pay interest on the unpaid principal amount at the interest rate shown above.

Interest is payable on January 1 and July 1 of each year commencing January 1, 1988, and will accrue from the most recent date to which interest has been paid, or, if no interest has been paid, from the original issue date set forth above. Interest will be computed on the basis of a 360-day comprised year of twelve 30-day months.

Principal, interest and any premium are payable in lawful money of the United States of America. Interest will be paid by check payable in such money drawn on the paying agent and payable to the order of and mailed to the registered owner at the address shown on the registration books maintained by the registrar at the close of business on the record date as explained on the reverse hereof. Principal and any premium will be paid when due to the registered owner upon surrender of this bond for payment at the designated office of the paying agent, which on the original issue date is the principal corporate trust office of The Valley National Bank of Arizona in Phoenix, Arizona.

See the reverse side of this bond for additional provisions.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and laws of the State of Arizona to exist, to occur and to be performed precedent to and in the issuance of this bond exist, have occurred and have been performed and that the series of bonds of which this is one, together with all other indebtedness of the District, is within every debt and other limit prescribed by the Constitution and laws of the State of Arizona, and that due provision has been made for the levy and collection of a direct, annual, ad valorem tax upon all of the taxable property in the District for the payment of this bond and of the interest hereon as each becomes due.

The District has caused this bond to be executed by the President and attested by the Clerk of its Governing Board and countersigned by the County Treasurer of Navajo County, which signatures may be facsimile signatures.

This bond is not valid or binding upon the District without the manually affixed signature of an authorized officer of the registrar.

This bond is prohibited from being issued in coupon or bearer form without the consent of the Board of Supervisors of Navajo County and the occurrence of certain other conditions.

KAYENTA UNIFIED SCHOOL DISTRICT
NO. 27 OF NAVAJO COUNTY,
ARIZONA

President, Governing Board

ATTEST:

Clerk, Governing Board

COUNTERSIGNED;

 R Despain
Navajo County Treasurer

DATE OF AUTHENTICATION AND
REGISTRATION: _____

AUTHENTICATION CERTIFICATE

This bond is one of the Kayenta Unified School District No. 27 of Navajo County, Arizona, School Improvement and Refunding Bonds, Series of 1986, described in the resolution mentioned on the reverse hereof.

THE VALLEY NATIONAL BANK OF
ARIZONA, as Registrar

Authorized Officer

(Form of Reverse Side of Bond)

The Bonds maturing on or before July 1, 1993, are not subject to call for redemption prior to maturity. Bonds maturing on or after July 1, 1994, are subject to call for redemption at the option of the District in whole or in part, in inverse order of maturity on July 1, 1993, or on any interest payment date thereafter at a redemption price equal to the principal amount of the bonds to be redeemed, accrued interest thereon to the date fixed for redemption, together with a premium on bonds so called prior to their maturities expressed as a percentage of the principal amount to be redeemed as follows:

<u>Redemption Dates</u>	<u>Premium</u>
July 1, 1993, and January 1, 1994	2.0%
July 1, 1994, and January 1, 1995	1.0%
July 1, 1995, and thereafter	None

Notice of redemption of any bond will be mailed not more than 60 nor less than 30 days prior to the date set for redemption to the registered owner of the bond or bonds being redeemed at the address shown on the bond register maintained by the registrar. Failure to properly give such notice of redemption shall not affect the redemption of any bond for which notice was properly given.

This bond is one of a series of bonds in the total principal amount of \$3,175,000 of like tenor except as to maturity date and number, issued by the District to provide funds to make those school improvements approved by a

majority vote of qualified electors voting at an election duly called and held in and for the District, and to refund certain previously issued and outstanding bonds of the District, pursuant to a resolution of the Board of Supervisors of Navajo County duly adopted prior to the issuance hereof, and pursuant to the Constitution and laws of the State of Arizona relative to the issuance and sale of school district improvement and refunding bonds, and all amendments thereto, and all other laws of the State of Arizona thereunto enabling.

Bonds of this series maturing on or before July 1, 1992, in the aggregate principal amount of \$1,700,000 are Refunding Bonds issued for the purpose of providing funds to be used to refund the Bonds Being Refunded.

Bonds maturing on or after July 1, 1994, in the aggregate principal amount of \$1,475,000 are School Improvement Bonds issued for the purpose of providing funds to be used as set forth in the ballot submitted at the special bond election.

Bonds maturing on July 1, 1993, shall be mixed with \$400,000 being for Refunding purposes and \$75,000 being for School Improvement purposes.

For the punctual payment of this bond and the interest hereon and for the levy and collection of ad valorem taxes sufficient for that purpose, the full faith and credit of the District are hereby irrevocably pledged; subject, however, to the rights vested in the owners of the bonds being refunded by the refunding bonds of this issue to the payment of such refunded bonds from the same tax source in the event of a deficiency in the moneys and obligations issued by or guaranteed by the United States of America purchased from the proceeds of the sale of the refunding bonds and placed in trust for the purpose of providing for payment of principal of and interest on the refunded bonds. The owner of this bond must rely on the sufficiency of the moneys and obligations placed irrevocably in trust for payment of the refunded bonds.

The registrar or paying agent may be changed without notice.

This bond is transferable by the registered owner in person or by attorney duly authorized in writing at the designated office of the registrar, which on the original issue date is the principal corporate trust office of The Valley National Bank of Arizona in Phoenix, Arizona, upon surrender and cancellation of this bond, but only in the

manner and subject to the limitation and upon payment of the charges provided in the authorizing resolution. Upon such transfer a new bond or bonds of the same aggregate principal amount, maturity and interest rate will be issued to the transferee in exchange. The registrar may require an owner, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the authorizing resolution. The District has chosen the 15th day of the calendar month preceding an interest payment date as the record date for this series of bonds, unless such date is a Saturday, Sunday or holiday, in which case the record date will be deemed to be the previous business day. Should this bond be submitted to the registrar for transfer during the period commencing after the close of business on the record date and continuing to and including the next interest payment date, ownership will be transferred in the normal manner but the next interest payment will be made payable to and mailed to the owner shown on the registrar's books at the close of business on the record date.

Bonds of this series are issuable only in fully registered form in the denomination of \$5,000 each or integral multiples thereof.

The District, the registrar and the paying agent may treat the registered owner of this bond as the absolute owner for the purpose of receiving principal, interest and any premium and for all other purposes and none of them shall be affected by any notice to the contrary.

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM-as tenants in common	UNIF GIFT MIN ACT-
TEN ENT-as tenants by the	<u>Custodian</u>
entireties	(Cust) (Minor)
JT TEN-as joint tenants with	under Uniform Gifts to
right of survivorship	Minors Act
and not as tenants in	<u>(State)</u>
common	

Additional abbreviations may also be used though not in list above

(Form of Assignment)

FOR VALUE RECEIVED the undersigned hereby sells,
assigns and transfers unto _____

(Name and Address of Transferee)
the within bond and all rights thereunder, and hereby
irrevocably constitutes and appoints _____
_____, attorney to transfer the within bond
on the books kept for registration thereof, with full power
of substitution in the premises.

Dated _____

Note: The signature(s) on this
assignment must correspond with
the name(s) as written on the
face of the within registered
bond in every particular
without alteration or enlarge-
ment or any change whatsoever.

Signature Guaranteed:

Commercial bank, trust company
or member of a national
securities exchange